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Intelligence Search <input type="text" value="Match exact phrase"/>	<input type="checkbox"/> 08-May-09 16:40	A10 Capital apportions USD 100m for deteriorating commercial real estate market; USD 250bn CRE loans coming due next two years
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Logged in as: diana1131fe <input type="button" value="Sign Out"/>	<p>A10 Capital announced the launch of a new lending group that will originate loans backed by commercial real estate assets and provide financing for distressed debt purchases secured by commercial real estate; programs for which they have USD 100m allocated.</p> <p>Seeing that the "CMBS market has dried up," and conventional sources of commercial lending such as life insurance companies and banks have pulled back their lending, "there is a significant need for our products," according to CEO Jerry Dunn.</p> <p>The company is targeting income-producing industrial, office, multi-family and retail properties as collateral as for financing and will lend up to as much as 65% of the asset value, Dunn said. The company does not have a strong appetite for land loans or construction loans, however.</p> <p>Lending interest rates are expected to range from 8% to 10%, and will have one to three-year terms, although that is based on the individual transaction and collateral type, Dunn said. Typical loan sizes will range from USD 2m to USD 7m, but can be up to USD 10m. Both recourse and nonrecourse loans are available, which provides some benefit over conventional lenders who generally do not make nonrecourse loans, he said.</p> <p>Commercial lending has always been at the forefront of A10's business, but the CEO says there wasn't as much need to promote it six months ago. There is USD 250bn in commercial loans coming due in the next two years, with not many places for borrowers to refinance. A10 has had numerous recent inquiries from owners of CMBS loans looking to refinance that have little to no other options, Dunn said.</p> <p>CMBS credit performance recorded the largest monthly deterioration to date in April, according to 1 May Securitized Products from Barclays. With close to 100% of remittances reported, the rate of CMBX 30-days delinquent jumped 48bps, to 2.45%, according to the report. Multi-family properties from 2007+ vintage led with the most deterioration increasing 307bps to 7.61%, while multi-family overall had increased 124bps to 5.15%. Retail and hotel followed increasing 53bps and 51bps to 2.46% and 2.28%, respectively. The pace of credit deterioration in other property types, other than those mentioned, are expected to escalate in future months, the report said.</p> <p>by Diana Aqra Keywords: CMBS, NPLs</p>	
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